

Electricity Sector Reform in Namibia

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Outline of Presentation

- **Key Statistic on the SADC region**
- **RERA**
- **Cross-border Electricity Trade in the SADC region**
- **Electricity Sector reform in the SADC region**
- **Electricity Sector reform in Namibia**

Key Statistics on the SADC Region

- **13 Southern African member states after Seychelles recently cancelled its membership.**
- **Population of 209.8 million**
- **Combined GDP of US\$ 158.5 Billion**
- **Combined Maximum Demand of at least 40,000 MW**

RERA

- **RERA is an establishment of Regional Electricity Regulators in the SADC region launched 26 September 2002 in Windhoek, Namibia.**
- **Founding Members**
 - **Namibia, Malawi, South Africa, Zambia**
- **The Main purpose of the Association is to provide a platform for co-operation between independent electricity regulators in the SADC region**

Objectives of RERA

- **Promote the development of regional regulatory capacity.**
- **Promote increased interconnection of electricity systems in the SADC region.**
- **Promote increase cross-border electricity trade in the region.**
- **Harmonization of the regulatory framework within the region**
- **To develop common regional policies and strategies to attract new electricity infrastructure investment.**

Cross-border Electricity Trade in SADC

- **SADC region has a high level of cross-border electricity trading.**
- **Trading Platforms**
 - **Bilateral**
 - Long-term contracts between utilities of SADC member states.
 - Most of the members states are interconnected.
 - The single biggest player is Eskom (SA)
 - **SAPP**
 - STEM (Short Term Energy Market) (SAPP)
 - SAPP Bilateral contracts.

SOUTHERN AFRICAN GRID



SAPP

- **SAPP is trading platform owned and operated by electricity utilities from 12 SADC member states.**
- **Operates over and above the long-term bilateral market, i.e. bilateral contracts have first priority of transmission**
- **Operates the Spot market which accounts for about 10% of total Cross-border trade**

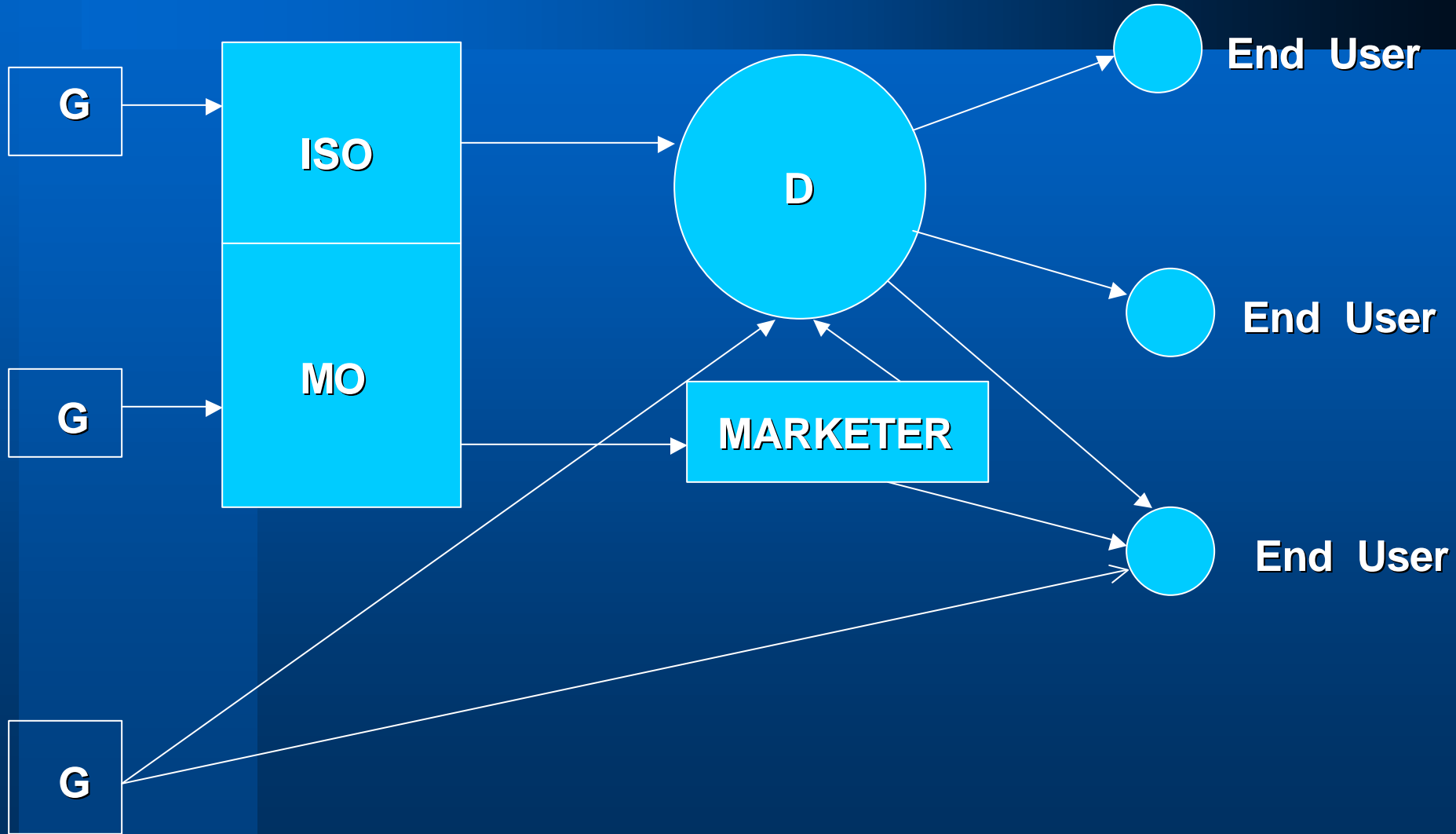
SAPP

- **Role of SAPP**
 - Coordinate the planning and operation of electricity power systems among member states.
 - Increase system reliability
 - Facilitate the development of a competitive electricity market.
 - Optimize the utilization of the SADC electricity resources and infrastructure.
- **Governance of SAPP**
 - Inter-Governmental Memorandum of Understanding-to establish SAPP
 - Inter-Utility Memorandum of Understanding-to establish SAPP Co-ordination Centre
- **SAPP Co-ordination Centre**
 - Responsible for about 10% of all cross-border electricity trade in SADC
 - STEM or day ahead market
 - Short -term bilateral

Electricity Sector Reform in SADC

- **Long-term objective is to establish a fully integrated Multi-Market System with multiple buyers & multiple sellers.**
 - **Bilateral**
 - **Spot**
- **Market Operators (MO) in respective countries**
- **Independent Transmission System Operators in respective countries. (ISO)**

Future Structures



Electricity Sector Reform in Namibia

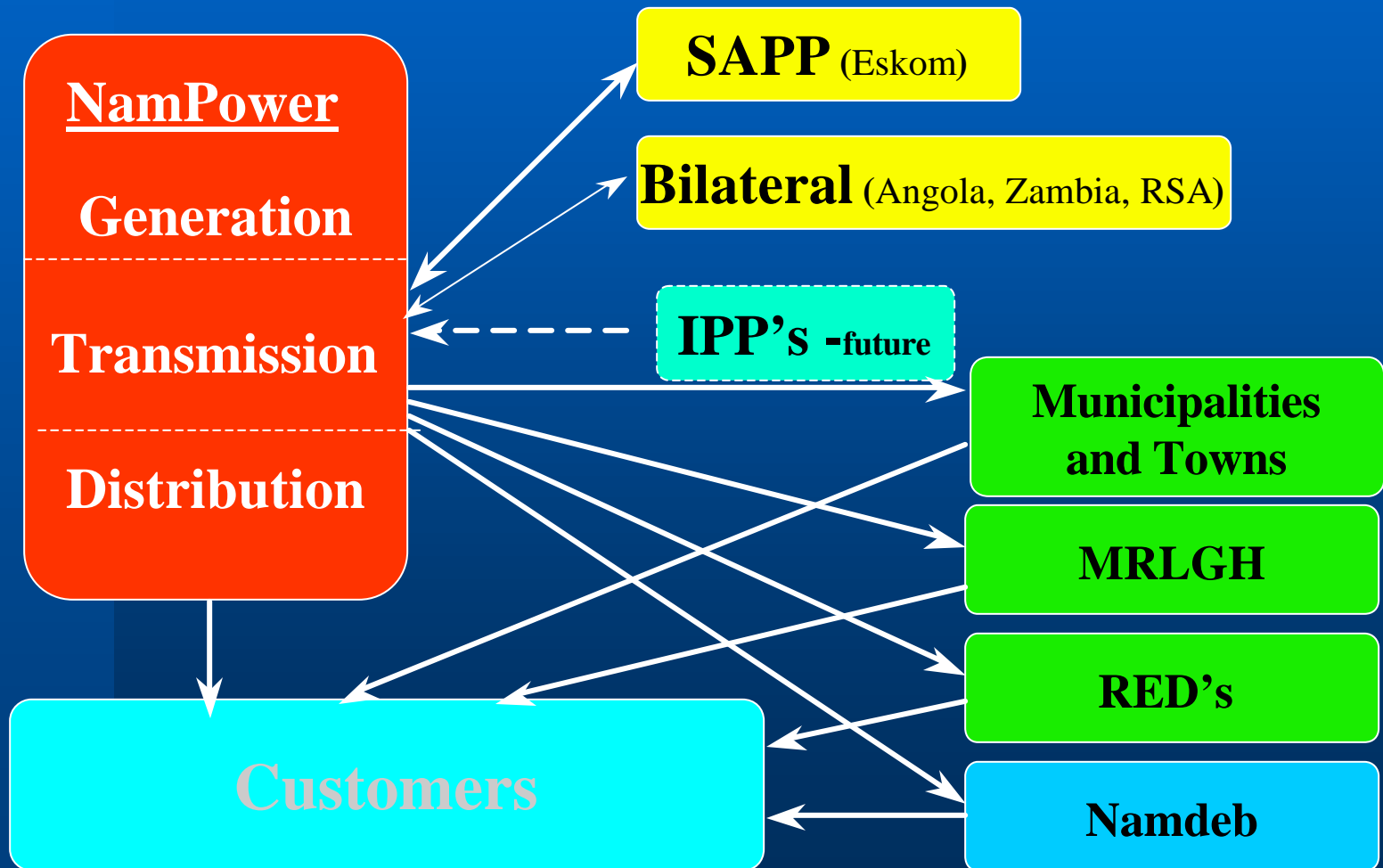
- **Key Statistics**

- **Population of 1.827 million**
- **GDP(nominal) US\$ 2.7 Billion**
- **GDP per Capita US\$ 1,405**
- **Generation Capacity 249 MW (Hydro)**
- **Maximum Demand 340 MW**

Key Statistics *(cont.)*

- **National Utility (NamPower)**
 - Vertically integrated company responsible for generation, imports , transmission and distribution (10%)
 - Import electricity from South Africa & Zambia
 - Export electricity to Angola and Botswana
- **Bulk of distribution is done by a large number of Municipalities & Towns and one Regional Electricity Distribution Company (Nored)**

Present Structure of the Namibian Electricity Sector



Proposed Electricity Sector Reform

- **Regulatory Framework**
 - Energy Policy White Paper-1998
 - Establishment of an Independent Regulator-2000
- **The role of the regulator is to regulate the Namibian Electricity Sector in accordance with Government Policy**

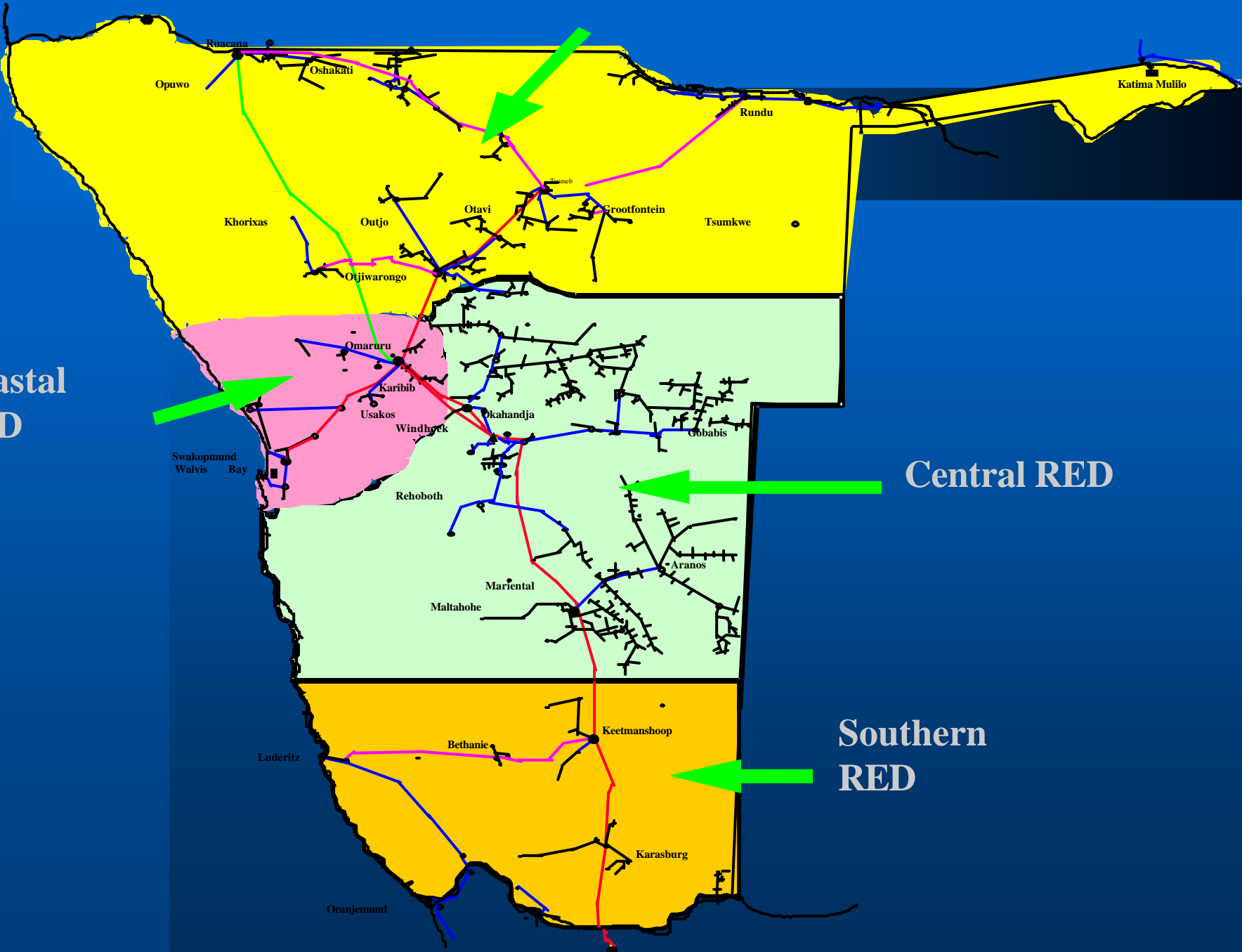
Proposed Electricity Sector Reform

- Objective to establish four Regional Electricity Distribution Companies. (RED's).
- One RED is already in operation while the second RED is the process of operationalization.
- The Distribution Function of National Utility (NamPower) to be integrated in RED's

**Coastal
RED**

Central RED

**Southern
RED**



I Thank you very much indeed